

# **Exhibit E**

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## Suddenly, the Hunt Is On for Cage-Free Eggs

By [KIM SEVERSON](#)

The toy industry had its Tickle Me Elmo, the automakers the Prius and technology its iPhone. Now, the food world has its latest have-to-have-it product: the cage-free egg.

The eggs, from chickens raised in large, open barns instead of stacks of small wire cages, have become the latest addition to menus at universities, hotel chains like Omni and cafeterias at companies like [Google](#). The [Whole Foods](#) supermarket chain sells nothing else, and even Burger King is getting in on the trend.

All that demand has meant a rush on cage-free eggs and headaches in corporate kitchens as big buyers learn there may not be enough to go around.

The Vermont ice cream maker Ben and Jerry's got plenty of attention last September when it became the first major food manufacturer to announce it would use only cage-free eggs that have been certified humane by an inspecting organization. But the company says it will need four years to complete the switch.

"It's not easy to find all the eggs you're looking for," said Rob Michalak, a spokesman for Ben and Jerry's. "The marketplace is one where the supply needs to increase with the demand."

The eggs can cost an extra 60 cents a dozen on the wholesale market. But most chicken farmers are not ripping out cages and retrofitting their barns. They question whether the birds are really better off, saying that keeping thousands of hens in tight quarters on the floor of a building can lead to hunger, disease and cannibalism. They also say that converting requires time, money and faith that the spike in demand is not just a fad.

"There is a lot of talk about cage-free, but are people actually buying them?" said Gene Gregory, president of the United Egg Producers. "I think the consumer walking into the grocery store sees cage-free and they cost two or three times more, and they don't buy them."

It takes about six months to build a cage-free operation from the ground up, including raising the chicks, said John Brunnquell, who owns Egg Innovations, based in Port Washington, Wis. The cost for a well-designed facility is about \$30 a bird. Building a conventional operation with the stacks of cages known as batteries costs about \$8 a bird, he said.

Converting to a cage-free operation can cost less than building anew, but it can still mean the loss of several months' income and the complexities that come with new methods.

A few years ago, about 2 percent of the 279 million laying hens in the United States were not confined to small cages, according to statistics from the United Egg Producers. Now that figure is closer to 5 percent.

Growing consumer concern with farm animal welfare and interest in local and sustainable agriculture have driven some of the popularity, but campaigns by animal rights activists have had a lot to do with it. The [Humane Society of the United States](#) began a campaign against battery cages in 2005, pressuring egg producers to improve conditions and companies to change their policies. Last week, the group took on Wendy's with a series of print and radio advertisements urging the company to follow Burger King's lead on eggs.

In a battery cage, the area allotted to each chicken is about the size of a laptop computer. Opponents say that in such small spaces, chickens cannot stretch their wings, roost or engage in other natural behaviors.

This year, the Humane Society convinced the chef Wolfgang Puck that cage-free chickens make better-tasting eggs. Although the look and taste of an egg are most affected by its age and the chicken's [diet](#), many chefs believe that cage-free eggs are of higher quality. But not all cage-free eggs are equal.

Mr. Puck wants all of the eggs used in his \$360 million food empire to come from cage-free chickens that have been certified by Humane Farm Animal Care, an organization that makes sure farmers treat chickens according to specific standards.

In 2003, Humane Farm Animal Care had two clients and had certified 192,997 chickens. Now, 14 egg companies have signed on, and the program covers 1.9 million chickens, said Adele Douglass, its executive director.

"There is more demand than supply right now," Ms. Douglass said. "But as far as I'm concerned, that is exactly what we want. We want consumer demand up."

At Whole Foods, shoppers have no trouble finding cage-free eggs, which are the company's minimum standard. But there are not always enough for the Whole Foods bakeries and kitchens, which have used only cage-free eggs since 2005, said Perry Abbenante, the company's national grocery coordinator. Whole Foods sometimes has to scale back the amount of prepared food and baked goods it makes.

Burger King announced a cage-free policy in March that would be phased in gradually, with the eggs accounting for 5 percent of its total by the end of the year. But even that modest goal may be difficult to fulfill, said Steve Grover, a company vice president.

"We knew there would be a supply crunch," Mr. Grover said. "We're going to be able to make our commitment this year, but we're going to have to watch that very carefully as we go forward."

Eggs labeled organic and free-range come from chickens with access to the outdoors. But most cage-free chickens never peck in a barnyard during their lives, which last from 12 to 18 months. The term "cage free" is lightly regulated. Companies get approval to use it on their labels through the Food Safety Inspection Service of the Agriculture Department, which does not actually inspect laying operations.

Egg producers say that going cage-free does not always mean the chickens are living the good life.

Many farms that use cages are well run with healthy chickens, said Marie Wheatley, president of the American Humane Association, whose certification program is popular with larger producers like Eggland's Best.

“It’s not black and white,” Ms. Wheatley said, “but the consumers think it is.”

Officials at Notre Dame turned down a request by a campus animal rights group to switch to cage-free eggs after investigating the issue for six months.

The university, which serves 16,000 meals a day in its dining halls, visited both cage and cage-free operations, examining animal welfare, food safety, environmental impact, taste and other issues. Both operations they toured appeared to take equally good care of their chickens, said Jocie Antonelli, nutrition and safety manager.

The university decided that its current source of eggs, which uses a cage system, had the edge in food safety.

“There are pros and cons to each system,” Ms. Antonelli said. “Either way, these are not free-roaming chickens living out in a pasture.”

But to people pushing for change, getting rid of battery cages is a start.

“While cage-free certainly does not mean cruelty-free, it’s a significant step in the right direction,” said Paul Shapiro of the Humane Society.

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